

Merced County Economic Forecast

Merced County is located in the San Joaquin Valley, bordering Stanislaus County to the north, Santa Clara and San Benito Counties to the west, Fresno and Madera Counties to the south and Mariposa County to the east. The San Joaquin Valley is the second fastest growing regional economy in California (behind the Inland Empire). Merced County has a population of 240,160 people and 67,030 wage and salary jobs. The per capita income in Merced County is \$21,870, and the average salary per worker is \$32,500.

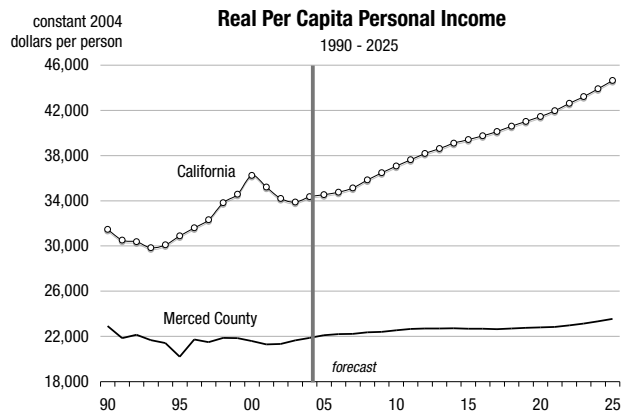
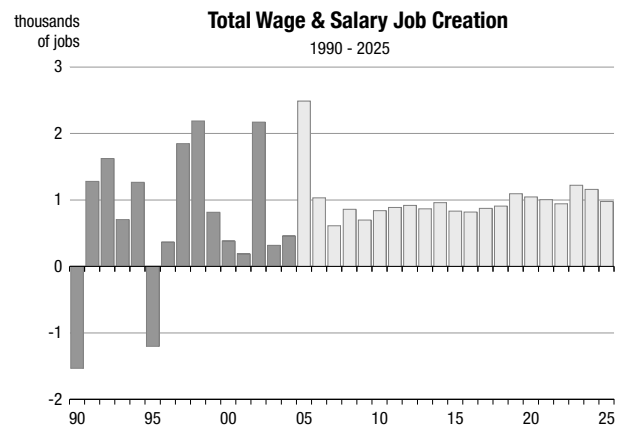
Employment growth in the greater Northern California region was stagnant in 2004, due primarily to the weak Bay Area labor market. While employment in the Bay Area fell another 1 percent last year, employment in the San Joaquin Valley grew by 1.5 percent. In 2004, 460 total wage and salary jobs were created in Merced County, representing a growth rate of 0.7 percent. Farm employment, which accounts for almost 16 percent of total employment, fell by 3.5 percent last year. The non-farm sector added 825 new jobs, representing a growth rate of 1.5 percent. The unemployment rate dropped to 11.0 percent in 2004.

The principal sectors that are producing jobs in Merced County are manufacturing, retail trade, and construction. Each of these sectors created 350 or more jobs in 2004. The largest sectors in the county are government, manufacturing, and farm. Farm and government employment lost jobs last year. Farm employment declined by 370 jobs and government employment lost 140 jobs.

The population grew in Merced County at a rate of 2.6 percent in 2004. The fastest growing cities in the county are Los Banos and Merced, which grew 4.8 and 4.5 percent respectively, between January 2004 and January 2005. Merced is the largest city in the county and is currently home to 73,600 residents.

Forecast Highlights

- Non-farm job growth is forecast to increase sharply in 2005 to 4.3 percent. However, the rate of non-farm job creation will cool over the next five years, averaging 1.4 percent per year. Farm employment is forecast to increase slightly, averaging 0.5 percent per year over the next five years.
- Average salaries adjusted for inflation are currently below the California state average, and will remain so over the forecast period. Inflation adjusted salaries are expected to rise an average of 2.2 percent per year over the next 5 years.
- Between 2005 and 2010, the momentum for employment growth is in retail trade, education and healthcare services, and government. These sectors account for over 55 percent of all jobs created in the county over the next five years.

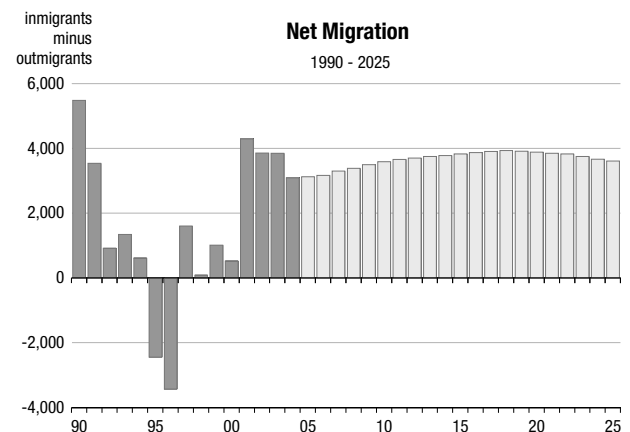
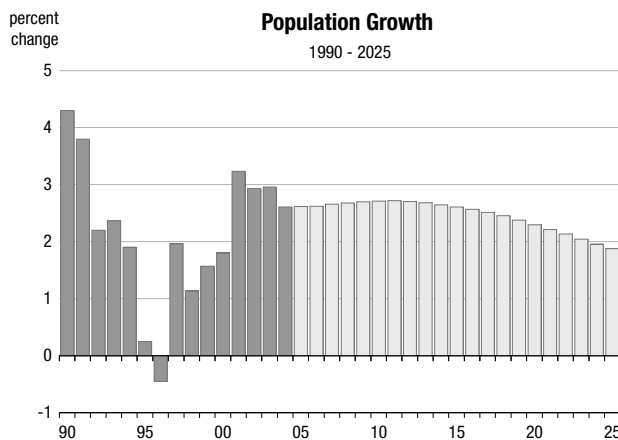


- The population in the county will continue to grow faster than the state average. Annual growth in the 2005 to 2010 period averages 2.7 percent per year. Average growth in the state during this same period is 1.5 percent per year.
- Net migration will average 3,130 people in 2005. Over the next five years net migration is expected to average approximately 3,400 people per year.
- Real per capita income is forecast to increase 1.1 percent in 2005. Over the next five years real per capita incomes are forecast to increase an average of 0.4 percent per year.
- Industrial production is forecast to increase 9.9 percent in 2005. Over the next five years the growth rate of industrial production will moderate, with total production rising 3.5 percent per year. Total crop production is expected to increase slightly, averaging 0.6 percent per year between 2005 and 2010.

Merced County Economic Forecast

1995-2004 History, 2005-2025 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1995	199,000	-2,443	149.2	61.3	867	\$1.2	\$3.1	\$20,204	2.0	1,603	0.90	17.1
1996	198,100	-3,428	149.3	61.5	871	\$1.2	\$3.4	\$21,727	2.3	1,833	0.95	16.7
1997	202,000	1,603	141.5	62.3	1,010	\$1.4	\$3.5	\$21,491	3.4	1,893	1.10	15.8
1998	204,300	84	150.4	63.1	1,032	\$1.5	\$3.7	\$21,867	3.2	1,741	1.24	15.2
1999	207,500	1,017	156.0	63.9	1,003	\$1.6	\$3.9	\$21,850	4.2	1,768	1.22	13.4
2000	211,245	521	161.9	63.8	1,553	\$1.7	\$4.1	\$21,589	4.5	1,697	1.19	9.8
2001	218,084	4,290	171.0	64.8	1,131	\$1.8	\$4.4	\$21,282	5.4	1,780	1.10	10.3
2002	224,488	3,857	180.8	66.0	1,726	\$1.9	\$4.6	\$21,334	1.6	1,783	1.25	11.1
2003	231,128	3,848	182.9	67.1	2,946	\$2.0	\$4.9	\$21,636	1.8	1,940	1.33	11.6
2004	237,155	3,092	197.3	69.2	2,576	\$2.2	\$5.2	\$21,867	1.2	2,014	1.41	11.0
2005	243,366	3,125	209.5	70.6	3,347	\$2.4	\$5.5	\$22,095	1.7	1,953	1.55	10.0
2006	249,744	3,171	220.5	72.4	3,202	\$2.6	\$5.8	\$22,195	2.7	1,935	1.58	9.9
2007	256,386	3,301	230.6	74.3	2,929	\$2.7	\$6.2	\$22,230	2.6	1,938	1.63	10.1
2008	263,252	3,389	240.1	76.3	2,919	\$2.9	\$6.5	\$22,369	2.6	1,964	1.71	10.0
2009	270,362	3,500	249.1	78.5	2,762	\$3.1	\$6.9	\$22,402	2.5	1,989	1.77	10.1
2010	277,697	3,590	257.8	80.8	2,717	\$3.3	\$7.3	\$22,532	2.7	2,016	1.85	10.2
2011	285,249	3,661	266.4	83.1	2,745	\$3.5	\$7.8	\$22,666	2.7	2,054	1.91	10.2
2012	292,966	3,705	274.9	85.5	2,664	\$3.7	\$8.2	\$22,706	2.8	2,089	1.99	10.0
2013	300,825	3,752	283.3	88.0	2,530	\$3.9	\$8.7	\$22,694	2.9	2,120	2.07	9.7
2014	308,791	3,782	291.7	90.5	2,449	\$4.1	\$9.2	\$22,710	2.9	2,155	2.17	9.5
2015	316,852	3,827	300.2	93.0	2,313	\$4.3	\$9.7	\$22,679	3.1	2,187	2.25	9.4
2016	324,990	3,874	308.8	95.5	2,277	\$4.5	\$10.2	\$22,678	3.0	2,220	2.32	9.4
2017	333,163	3,907	317.4	98.0	2,188	\$4.7	\$10.8	\$22,646	2.9	2,262	2.39	9.5
2018	341,344	3,936	325.9	100.5	2,117	\$4.9	\$11.3	\$22,689	2.7	2,304	2.48	9.7
2019	349,464	3,915	334.4	102.9	2,120	\$5.1	\$12.0	\$22,764	2.8	2,345	2.59	9.6
2020	357,496	3,886	342.7	105.4	2,115	\$5.4	\$12.6	\$22,805	2.7	2,385	2.69	9.6
2021	365,415	3,853	350.6	107.8	2,100	\$5.6	\$13.2	\$22,840	2.6	2,433	2.76	9.5
2022	373,216	3,828	358.1	110.2	2,085	\$5.8	\$14.0	\$22,968	2.6	2,474	2.79	9.5
2023	380,845	3,753	365.1	112.6	2,120	\$6.1	\$14.7	\$23,139	2.7	2,523	2.87	9.4
2024	388,293	3,668	371.8	115.0	2,138	\$6.4	\$15.6	\$23,338	2.7	2,562	2.94	9.3
2025	395,597	3,613	378.2	117.3	2,152	\$6.6	\$16.4	\$23,549	2.7	2,603	2.96	9.3



Merced County Employment Forecast

1995-2004 History, 2005-2025 Forecast

	Total Wage & Salary	Farm	Mining & Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
1995	58.3	11.0	1.48	9.2	1.77	7.6	1.63	2.90	0.62	4.37	4.26	12.1
1996	58.7	11.0	1.48	9.5	1.84	7.5	1.63	2.94	0.59	4.54	4.43	11.9
1997	60.5	11.1	1.54	11.0	1.82	7.6	1.61	2.93	0.83	4.80	4.31	11.6
1998	62.7	11.1	1.83	12.1	1.72	8.0	1.54	3.06	1.34	4.62	4.38	11.7
1999	63.5	11.5	2.03	11.5	1.63	8.0	1.62	3.28	1.39	4.77	4.40	11.9
2000	63.9	11.6	2.14	10.4	1.68	8.4	1.68	3.33	1.44	5.08	4.48	12.2
2001	64.1	10.9	2.32	9.8	1.86	8.4	1.70	3.38	1.43	5.10	4.52	13.1
2002	66.3	10.8	2.43	10.6	2.30	8.6	1.70	3.33	1.50	5.43	4.51	13.4
2003	66.6	10.6	3.02	10.7	2.06	8.6	1.68	3.43	1.48	5.51	4.53	13.3
2004	67.0	10.2	3.37	11.1	1.93	9.0	1.73	3.37	1.46	5.43	4.67	13.1
2005	69.5	10.3	3.88	12.2	1.88	9.4	1.75	3.38	1.48	5.62	4.74	13.3
2006	70.6	10.3	4.12	12.3	1.85	9.7	1.76	3.40	1.51	5.73	4.78	13.5
2007	71.2	10.4	4.16	12.1	1.87	9.9	1.76	3.44	1.57	5.83	4.81	13.6
2008	72.0	10.4	4.19	12.1	1.90	10.2	1.77	3.51	1.66	5.92	4.86	13.7
2009	72.7	10.5	4.15	12.0	1.94	10.4	1.78	3.58	1.77	6.01	4.89	13.9
2010	73.6	10.5	4.13	12.0	1.99	10.6	1.79	3.66	1.89	6.11	4.92	14.0
2011	74.5	10.6	4.13	12.0	2.04	10.8	1.80	3.74	2.02	6.24	4.95	14.1
2012	75.4	10.7	4.13	12.1	2.08	11.0	1.81	3.83	2.13	6.39	4.98	14.2
2013	76.2	10.8	4.11	12.1	2.12	11.2	1.82	3.91	2.24	6.55	5.01	14.3
2014	77.2	10.9	4.09	12.2	2.16	11.4	1.84	3.98	2.33	6.72	5.03	14.5
2015	78.0	11.0	4.06	12.2	2.20	11.6	1.85	4.04	2.41	6.91	5.06	14.6
2016	78.9	11.1	4.05	12.2	2.24	11.7	1.86	4.10	2.49	7.11	5.09	14.7
2017	79.7	11.2	4.02	12.2	2.28	11.9	1.88	4.14	2.57	7.33	5.12	14.9
2018	80.6	11.4	3.99	12.2	2.32	12.0	1.89	4.18	2.65	7.56	5.15	15.1
2019	81.7	11.5	4.00	12.3	2.37	12.2	1.90	4.22	2.72	7.81	5.18	15.3
2020	82.8	11.7	4.02	12.3	2.41	12.3	1.91	4.25	2.78	8.09	5.19	15.5
2021	83.8	11.8	4.04	12.2	2.45	12.5	1.92	4.29	2.85	8.36	5.20	15.7
2022	84.7	12.0	4.06	12.1	2.49	12.6	1.94	4.32	2.90	8.64	5.22	16.0
2023	86.0	12.2	4.10	12.2	2.54	12.8	1.95	4.36	2.97	8.91	5.23	16.2
2024	87.1	12.4	4.15	12.3	2.58	13.0	1.96	4.39	3.04	9.19	5.24	16.5
2025	88.1	12.5	4.20	12.1	2.62	13.1	1.98	4.42	3.11	9.48	5.25	16.7

